

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL  
CHAIRMAN

3 JIM IRVIN  
COMMISSIONER

4 MARC SPITZER  
COMMISSIONER

5  
6 IN THE MATTER OF THE GENERIC  
7 PROCEEDING CONCERNING ELECTRIC  
RESTRUCTURING ISSUES.

DOCKET NO. E-00000A-02-0051

8 IN THE MATTER OF ARIZONA PUBLIC  
9 SERVICE COMPANY'S REQUEST FOR A  
10 VARIANCE OF CERTAIN REQUIREMENTS OF  
A.A.C. R14-2-1606.

DOCKET NO. E-01345A-01-0822

11 IN THE MATTER OF THE GENERIC  
12 PROCEEDING CONCERNING THE ARIZONA  
13 INDEPENDENT SCHEDULING  
ADMINISTRATOR.

DOCKET NO. E-00000A-01-0630

14 IN THE MATTER OF TUCSON ELECTRIC  
15 POWER COMPANY'S APPLICATION FOR A  
16 VARIANCE OF CERTAIN ELECTRIC  
COMPETITION RULES COMPLIANCE DATES.

DOCKET NO. E-01933A-02-0069

17 IN THE MATTER OF THE APPLICATION OF  
18 TUCSON ELECTRIC POWER COMPANY FOR  
19 APPROVAL OF ITS STRANDED COST  
RECOVERY.

DOCKET NO. E-01933A-98-0471

**FIRST PROCEDURAL ORDER ON**  
**TRACK B ISSUES**

20 **BY THE COMMISSION:**

21 A Procedural Order issued in these matters on May 2, 2002 set a hearing schedule for those  
22 issues delineated as Track A issues, and established a preliminary procedural framework for meeting  
23 the October 21, 2002 completion date for Commission consideration of Competitive Solicitation  
24 issues, delineated as "Track B" issues. That Procedural Order instructed interested parties to file by  
25 May 13, 2002, a list of proposed issues for consideration as well as a procedural timetable (including  
26 comment periods) for the Track B issues. The May 2, 2002 Procedural Order also ordered the parties  
27 to submit to the Commission's Utilities Division Staff ("Staff") a list of qualified persons to act as an  
28

1 independent consultant/evaluator.

2 On May 13, 2002, Tucson Electric Power Company ("TEP"), Arizona Public Service  
3 Company ("APS"), the Arizona Competitive Power Alliance ("Alliance"), the Residential Utility  
4 Consumer Office ("RUCO") and Staff filed Track B proposals in compliance with the May 2, 2002  
5 Procedural Order.

6 The Alliance submitted a list of five issues, each with several sub-issues, and proposed that  
7 the Commission hold either meetings or hearings during the August 22-30, 2002 timeframe, with a  
8 Commission Decision by September 10, 2002. The Alliance's proposed schedule calls for: 1)  
9 comments of all parties on the provisions of a Staff Report by May 31, 2002; 2) the selection of an  
10 Independent Evaluator by June 14, 2002; 3) reply comments to the May 31, 2002 comments by July  
11 1, 2002; 4) workshops to be scheduled during the period of July 8-31, 2002; 5) submissions to the  
12 Commission by August 1, 2002 on the proposed process and resolution of the issues, with replies due  
13 by August 15, 2002; and 6) Commission meetings or hearings on remaining issues during August 22-  
14 30, 2002, with a Commission Order by September 10, 2002. The Alliance's filing also included  
15 proposals regarding an RFP process.

16 APS submitted a list of six issues, and proposed the issuance of a Recommended Order on  
17 either a consensus proposal or, in the absence of consensus, on an APS proposal. APS stated its  
18 belief that competitive procurement issues cannot be resolved independently of the APS generation  
19 asset divestiture issue, because the divestiture is the legal and economic predicate of competitive  
20 procurement. APS proposed: 1) that the parties should meet and attempt to come to a consensus for  
21 presentation to the Commission no later than August 1, 2002, for implementation by September 1,  
22 2002; 2) that if the meetings result in no consensus or only a partial consensus, that APS would file a  
23 competitive power procurement proposal adopting whatever consensus is reached, but which would  
24 effectively be APS' proposal. Affected parties would then have 15 days to comment on APS'  
25 proposal and APS would have 10 days to respond; and 3) that a Recommended Order should be  
26 issued on the APS proposal by August 16, 2002, with exceptions due by August 25, 2002, and  
27 Commission consideration as soon as practical.

28 TEP proposed four major issues, each with several sub-issues, and proposed a schedule for a

1 generic hearing on the Track B issues. TEP stated its belief that Track B proposals should be  
2 considered in context with Track A testimony, as the solution to many Track B issues is dependent  
3 upon the Commission's resolution of the Track A issues. TEP believes that the parties should file  
4 Track B testimony after the Track A hearing has concluded, so that they can respond to the evidence  
5 presented on the Track A issues. TEP further proposed a TEP-specific hearing on the Track B issues  
6 to follow its proposed generic hearing, with a Commission Decision on the TEP-specific Track B  
7 issues by February 20, 2002. TEP stated that the timetable it proposed for a TEP-specific Track B  
8 hearing could be adapted for a rulemaking proceeding, if necessary.

9 RUCO filed a list of thirteen proposed issues to be considered in Track B, and made no  
10 specific procedural schedule recommendations.

11 Staff filed its Track B proposal in the form of a Request for Procedural Order. Staff outlined  
12 a proposed schedule that included Staff filing a list of issues for comment by May 31, 2002, with  
13 comments from the parties on those issues and any other issues to be filed by June 28, 2002. Staff  
14 indicated that it anticipates awarding a contract to an independent evaluator on or around July 8,  
15 2002. Staff proposed that it and the independent evaluator would issue, by July 17, 2002, a list of  
16 issues to be addressed at workshops that would be held on July 24 and 25, 2002. Staff's proposal  
17 includes a Draft Staff Report on August 28, 2002, parties' comments thereon due by September 9,  
18 2002, and a Final Staff Report by September 23, 2002 for consideration at a Special Open Meeting on  
19 October 21, 2002.

20 In its May 13, 2002 Request for Procedural Order, Staff requested that the parties file  
21 comments on four topics by May 20, 2002. On May 20 and 21, 2002, Harquahala Generating  
22 Company ("Harquahala"), Panda Gila River L.P. ("Panda"), the Alliance, APS, TEP, and RUCO  
23 filed the comments solicited by Staff.

24 On May 31, 2002, Staff filed the list of issues referred to in its Request for Procedural Order.  
25 No parties have filed objections.

26 At the pre-hearing conference held on June 14, 2002, the parties discussed Staff's Request for  
27 Procedural Order.

28 After reviewing the various Track B procedural schedule proposals, it appears that Staff's

1 proposed procedural schedule, at least through the workshops it proposed for July 24 and 25, 2002,  
2 will generally accommodate the schedules proposed by the other parties, with the exception of TEP's  
3 proposal that a hearing be scheduled at this time. We are not convinced at this time that a hearing  
4 will be necessary on any or all of the Track B issues. We will therefore at this time generally adopt  
5 Staff's proposed schedule through July 24 and 25, 2002. The balance of the procedural schedule will  
6 be dependent upon the Commission's Decision on the Track A issues, the consensus reached by the  
7 parties during the workshops or otherwise, and whether a hearing on any Track B issues is necessary.  
8 Until a further procedural schedule is issued, however, after the July 24 and 25 workshops, Staff  
9 should continue preparation of the Draft Staff Report by the August 28, 2002 deadline referred to in  
10 Staff's May 13, 2002 Request for Procedural Order.

11 We also encourage the parties to meet and attempt to achieve a consensus Competitive  
12 Solicitation proposal for presentation to the Commission as outlined by APS in its filing.

13 IT IS THEREFORE ORDERED that the parties shall file, on or before July 1, 2002, their  
14 comments on the list of issues Staff filed on May 31, 2002.

15 IT IS FURTHER ORDERED that the parties shall file, on or before July 1, 2002, their  
16 comments on any Competitive Solicitation issues on which the parties wish to comment that were not  
17 included in the list of issues Staff filed on May 31, 2002.

18 IT IS FURTHER ORDERED that Staff and the independent evaluator shall file, on or before  
19 July 17, 2002, a list of issues to be addressed at workshops to be held on July 24 and 25, 2002.

20 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
21 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

22 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive  
23 any portion of this Procedural Order by subsequent Procedural Order.

24 DATED this \_\_\_\_\_ day of June, 2002.

25  
26  
27 TEENA WOLFE  
28 ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered  
2 this \_\_\_\_\_ day of June, 2002 to:

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